הבורסה לניירות ערך תל אביב
TEL AVIV STOCK EXCHANGE

Sustainability Report

2022



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Message from TASE Chairman and CEO

We are pleased to publish TASE's second Sustainability report, summarizing its environmental, social and governance activities in 2022. The field of Environmental, Social and Governance (ESG) has taken center stage in Israel and globally in recent years, both among the public companies and among investors.

TASE, home of the Israeli economy, is celebrating its 70th anniversary. Now, more than ever, public companies prioritise the social component of ESG, incorporating it into their activities. TASE has always placed an emphasis on gender equality, diversity and inclusion of the various sectors of society and in recent years has stepped up as a champion of workplace diversity and gender equality. We believe that the advancement of ESG not only fulfills important values, but also creates significant economic value and a real contribution to our ability, as a society, to ensure sustainable growth and create a more equal and fair society. The adoption of ESG standards by public companies will pave the way for lasting sustainable growth that does not compromise the environment.

We have recently launched, in collaboration with Social Finance Israel (SFI), a first-of-a-kind dedicated impact fund for professional training and job placement of underprivileged populations. This innovative collaboration demonstrates the beneficial use of financial tools for social causes, and together with the public companies, we push forward the implementation and enhancement of workplace diversity. Workplace diversity is crucial to the continued prospering and success of the Israeli economy.

ESG has also been gaining ground among local and foreign investors. We constantly strive to increase the exposure of the local capital market to foreign investors, who value the implementation of ESG aspects in companies and are committed to top-tier ESG practices. Israel is renowned for its innovation, particularly in more technologically advanced sectors, such as foodtech, cleantech, agritech, smart cities and more. As part of our commitment to the development of the local capital market and the financial education of the public, we continued to remove trading barriers and improve the accessibility of the capital market, and we launched TASE+, a user-friendly tool that is designed to offer transparency and easier access to relevant investment information, including customized data and related insights and analyses, which are becoming invaluable. We have also removed barriers due to insufficient access to capital market information and knowhow, which are mainly common among the younger investors.

The report, which provides a summary of TASE's ESG activity in 2022, focuses on our practices and our commitment to the various aspects of social and environmental responsibility. We are especially proud that, in 2022, more than half of TASE's employees are women, including more than half of the Company's management and one third of the Board of Directors.

We hope to see a growing number of public companies embrace ESG practices, including the publication of ESG reports on the actions taken by the companies, spreading the word. The report is an important milestone in sharing TASE's work as a significant member of the Israeli economy over the past 70 years and its contribution to the economic, social and environmental future of Israel.

Sincerely yours,



Eugene Kandel
Chairman of the Board of Directors



Ittai Ben-Zeev
CEO

About the Group

Securities trading in Israel began in the 1930s, following the immigration to Israel of Jewish bankers who fled Nazi Germany. Until the establishment of the Stock Exchange, trading was carried out at the bank, according to the rules that were customary on European stock exchanges. The Tel-Aviv Stock Exchange Ltd. was founded in 1953 as a non-profit organization.

In 2017, a significant milestone in the life of the Group took place, with the approval of the ownership restructuring, as part of which TASE became a for-profit company, with a distinction between ownership and control of the Compant and membership in TASE. In 2019, following the restructuring, TASE became a public company who is listed on The Tel Aviv Stock Exchange. Today, The Tel-Aviv Stock Exchange is the only stock exchange operating in Israel, and serves as a venue for the trading of securities and for equity and debt raising by companies and by the Government on the Israeli capital market.

TASE operates through subsidiaries, such as the **TASE Clearing House** - which acts, inter alia, as a CCP for transactions in securities and provides custodial services for securities of the TASE-listed companies; **MAOF Clearing House** - which focuses on the issue of exchange-traded derivatives and serves as a CCP for the settlement of derivatives; and the **Nominee Service** - which engages in the holding of securities and the provision of services to the issuing companies on TASE and to companies that wish to register at the Clearing House, this via a digital registration service.

Transactions in securities that are listed on TASE are carried out exclusively through the TASE members, whether on their own account (nostro) or for others, and are cleared through the TASE Clearing House, a wholly owned subsidiary of the Company. In addition, the TASE Clearing House provides payment settlement services to issuing companies, such as interest and dividend to those who hold the securities through the TASE members.

The Tel-Aviv Stock Exchange Ltd. is the infrastructure for debt raising and trading in securities from both an operational and a regulatory perspective. It also serves as the sole meeting point for the purchase and sale of securities in Israel. Among the services offered by The Tel-Aviv Stock Exchange are services of data distribution from TASE to the public, distribution of information for the TASE-listed companies, connectivity services and listing services.

The foundation for the Israeli exchange is the Securities Law enacted in 1968, which delineates the official role of the Israel Securities Authority as protector of the interests of the investors. The Law also provides for the regulation with the Israel Securities Authority and defines proper trading.

At TASE, various securities are traded under one roof, allowing the public to choose the characteristics and risk level of their investments, to suit their specific circumstances. The range of products traded on TASE comprises, inter alia, shares, corporate bonds, government bonds, ETFs, foreign ETFs and derivatives.

As part of TASE's efforts to expand the variety of investment channels and increase the number of its members, and to improve competitiveness, TASE has welcomed Euroclear Bank as a custodial member. Joining TASE allows Euroclear to open an account at the TASE Clearing House, through which it can directly manage and provide custodianship services for Israeli securities on behalf of its clients in Europe and worldwide.

In addition, TASE Clearing House manages an account with DTC in the United States, the largest clearing house in the world. Transfer of securities from Israel to the United States, and vice versa, through the DTC account is automated, allowing for a swift, cost-effective and efficient process. Prior to that, the process would have involved the transfer of "hardcopies" of stock certificates, taking upwards of three weeks. This service reduces the Clearing House's risk and improves its international rating.

TASE is relevant for all Israeli citizens and aims to serve as a hub for the public to partake in the success of the Israeli economy. Firstly, TASE serves as a means of financing for expansion and funding companies' operations through the offering of shares and bonds. Secondly, TASE's advanced IT systems make it possible for any individual to easily and conveniently buy or sell securities in real time, in a manner that suits their specific circumstances, thereby effectively positioning TASE as an infrastructure for retail investments.

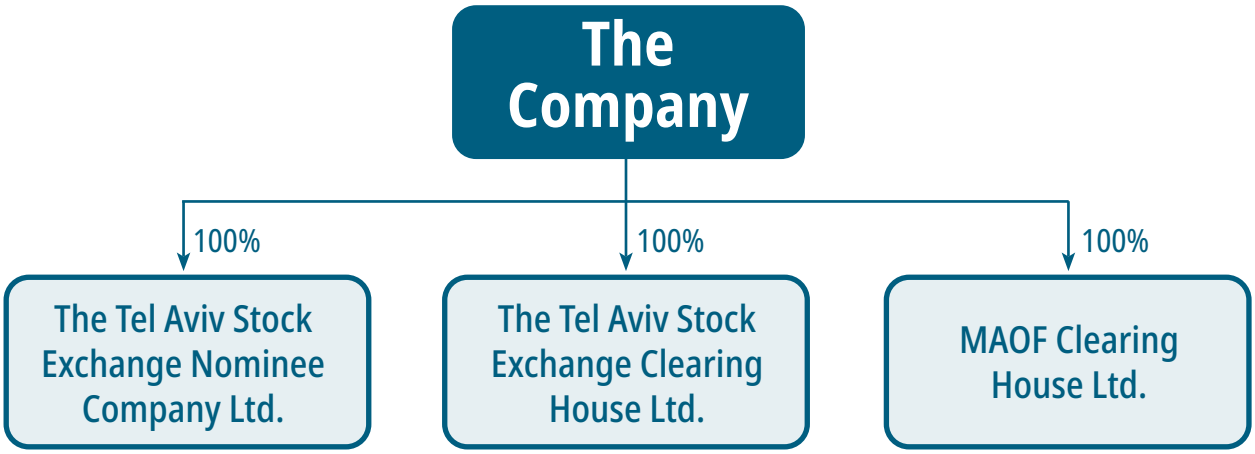
The Tel-Aviv Stock Exchange Ltd. is located in Tel Aviv, on #2 Achuzat Bayit Street.



Reflection of the Local Economy

TASE values the advancement and reflection of the local economy. To this end, it works to increase the representation on TASE of companies from all sectors of Israeli economy, which enables their exposure to institutional capital and opens new routes for the development of their activities. TASE serves as a significant growth infrastructure for the market and is the "home court" for those raising capital in Israel, companies and the Government, as well as for the investors and the Israeli securities sector. TASE enables companies to raise the capital required for their development, thereby contributing to the strength and growth of the Israeli economy and to creating jobs. For investors, TASE is an advanced and reliable trading arena for the purchase and sale of securities, including a wide range of financial instruments.

Presented below is the holding structure as of 2022:



TASE in numbers[1]:

No. of employees[2]
260 (52% women)

Representation of women in senior management
52%

No. of companies that issued equity and debt instruments on TASE
657

Total equity in ESG indices[3]
NIS 1.4 billion

Number of real-time indices
34 equity indices **58** bond indices

The market cap of the TASE-listed companies as a percentage of the GDP:
NIS 949 billion

[1] The data is presented as of December 31, 2022, unless stated otherwise.
[2] The presented workforce consistsexclusively of TASE employees.
[3] Includes the following indices: TA-Cleantech, TA-125 Fossil Free, TA Maala as well as Israeli indices of index editors and international indices. Current data for September 2023.

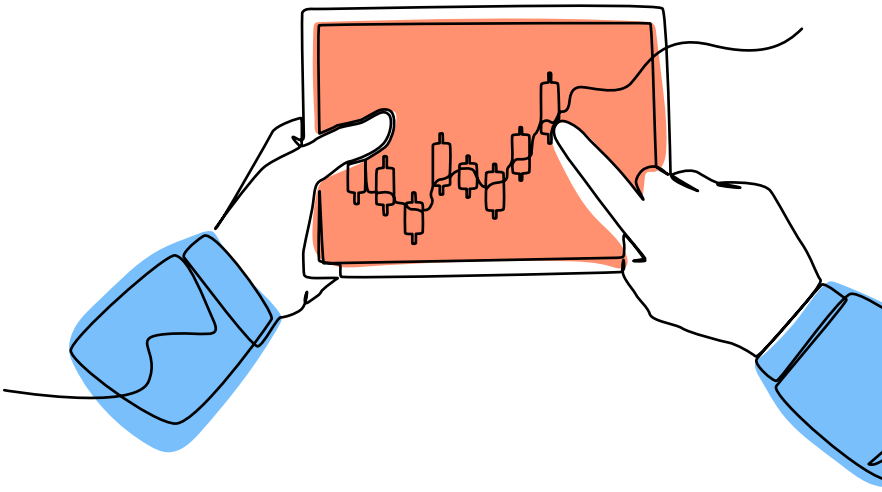
Organizational Structure

The chart below presents the organizational structure of TASE:



TASE's Principal Products and Services

- **Offering and listing of securities**, shares, government and corporate bonds, ETFs and other financial instruments.
- **Execution and clearing of transactions in securities**, shares, government and corporate bonds, ETFs, derivatives and other financial instruments.
- **Calculation of securities** indices and updating of indices.
- **Supplementary Clearing House services**, such as clearing services for off-exchange securities, clearing of mutual funds, corporate actions, custodianship services and more.
- **Distribution of trading data and information and connectivity services** that make real-time information and data analysis available to the public.
- **The Nominee Company** comprises a wide range of services to companies looking to offer their securities on TASE. The company provides assistance with the listing of the securities and their depositing at the Clearing House, current handling of the rights attaching to securities and the handling of convertible securities.



ESG Management at TASE

The handling of the various ESG issues at TASE is entrusted to the management of TASE and is concentrated under the Finance Department, headed by the CFO, as part of the ongoing management and the work routines of the Company. The Finance Department is entrusted with all of TASE's current ESG activities, including advancement of initiatives and goals, drawing up of TASE's ESG report, and more. These issues are periodically reported to the CEO and to the Board of Directors. TASE's ESG report was approved by management of the Company.

In view of its key role in the capital market, TASE dedicates significant efforts to the handling and advancement of outward ESG aspects relating to the TASE-listed companies. This is entrusted to TASE's Economics Department. The Department is responsible for various related aspects, such as publication of ESG calls to the public towards the formulation of standards and recommendations, promotion of ESG products, and more.

Materiality Analysis

Materiality analysis is a core process in the assimilation of ESG (Environmental, Social, Governance) processes in companies. This process is designed to identify those ESG topics that have the most significance to the organization, to enable the formulation of a strategic foundation for the company's ESG activities.

As part of the publication of the report and pursuant to the guidelines of the GRI, TASE has conducted a materiality analysis for the 2021 reporting process. The material topics represent those that have been identified as the most relevant to the Company's ESG activities.

As part of the preparation for the 2022 report and in accordance with the updated requirements of the GRI standards, the Company validated the material topics. Within this framework, an industry-wide review was reviewed of comparable companies in Israel and abroad, alongside a review of internal documents and of updates to ESG reporting standards (GRI and SASB). The findings showed that the existing material topics are relevant to the activity of TASE in the 2022 reporting year.

Presented below is a list of the material topics:

#	Material topic	Page in report
1	**Business continuity**	18
2	**Risk management**	18
3	**Ethics, compliance and corporate governance**	16
4	**Financial performance**	14
5	**Cyber and information security**	20
6	**Claims and complaints**	24
7	**Human capital management**	26
8	**Transparency and reporting by the Company**	Throughout the report
9	**Business development and strategy**	21
10	**ESG aligned products**	31
11	**International collaborations**	15, 21
12	**Transparency and accessibility of capital market information**	Throughout the report
13	**The Company's environmental impact and performance**	33

Stakeholder Dialog

TASE highly values dialog and transparency of information with regard to those topics that interest and concern our stakeholders. Our stakeholder groups include, among others, the TASE employees, the investors, local regulators, the members of TASE and the members of the Clearing Houses, TASE-listed companies, the media and external organizations. The existence of dialog ensures the availability of open lines of communication between TASE and its stakeholders, which allow us to be receptive to the various needs arising from the field and directly address them.

TASE publishes periodic reports, immediate reports, financial statements and more on the systems of TASE ("**MAYA**") and of the Israel Securities Authority ("**MAGNA**"). In addition, current updates and news on the various activities of the Company are published on the TASE website.

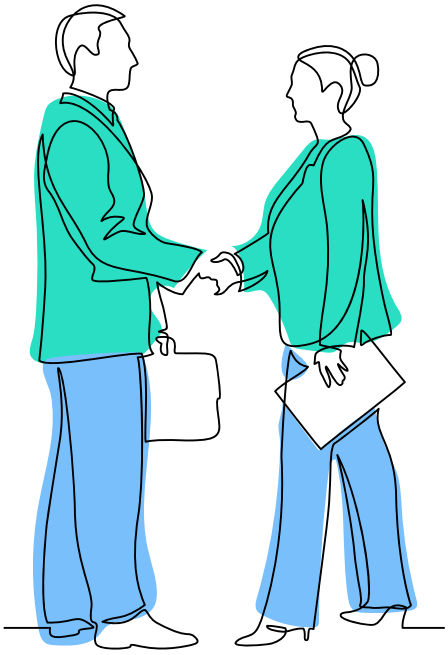
MAYA, a web-based system operated by TASE in Hebrew and English, is used for the presentation of all notifications published by the companies whose securities are traded on TASE, the mutual funds and the ETFs, as well as notices and resolutions of TASE. The system serves as a primary work tool for investors, listed companies and the capital market community. The immediate reports presented in the system include, among others, notifications concerning transactions and events in companies, financial statements, capital raising information, changes in the board of directors and management, interested parties, splits and mergers and more.

In addition to the publication of immediate reports by the TASE-listed companies, the MAYA system offers comprehensive information on the listed companies and on the securities that are traded on TASE, on the "Company Information" page. This page contains extensive information, such as details of the company (address, website link, and contact in the company), details of the securities (listed and non-listed), interested parties, management and officers and principal financial statement data. It also offers data, such as: schedule of open and upcoming offerings (including a link to immediate purchase in the public offering stage), schedule of upcoming dates and actions, including meetings, anticipated publication dates of financial statements, dividend distributions, payments of principal and interest etc. The system serves as a large-scale and central channel of communication between TASE and the public. Accordingly, substantial resources are invested in its operation, upgrading and accessibility.

The **TASE website** (operating in Hebrew and English) is another main channel for communication with the various stakeholders. The website contains extensive information on the activities of TASE, including: information on TASE and the nature of its operations, trading data (including elaborate reference to the various channels of investment), trends and statistical data, frequent reviews and articles on topics pertaining to the activities of TASE and its listed companies, a Knowledge Center that provides elaborate and comprehensive explanations on the world of investments, the various investment instruments, offerings and TASE's trading system. In addition, TASE publishes monthly and annual reports on the TASE data; the TASE blog presents professional capital market publications; dedicated landing pages on the TASE website with information on the indices, information for the novice investor, comparison of commissions, and more. Due to all of the above, the TASE website is a material tool in the relationship with the stakeholders and serves as a source of reliable, trustworthy and readily available information on market data.

To maintain the close relationship with the various stakeholders, TASE regularly holds physical and virtual conferences on varying topics. TASE makes its Conference Center available to the TASE-listed companies and other relevant entities for conferences, investor events, including Opening Bell Ceremonies to celebrate material milestones of the companies, such as IPOs, joining of indices, and more.

The TASE websites and MAYA are updated continuously, for the benefit of the general public. TASE is also active on social media and maintains accounts in several mediums to ensure optimal reach to the public. TASE has a dedicated app (Tel Aviv Stock Exchange - TASE) that gives access to all the information that is posted on the TASE website and MAYA, including market trends, information on securities, reports, etc.



The United Nation's Sustainable Development Goals - SDGs

The UN's SDGs are 17 Global Goals for sustainability. The Global Goals were adopted by global leaders in 2015 as an urgent call to action by the countries, to be met by the end of 2030. The Goals reflect the most significant global challenges identified by the national community, which urges governments, corporations and non-profit organizations to cooperate to resolve them. The topics addressed by the Goals are varied and include, among others, gender equality, encouragement of responsible consumption and production, ending poverty, acting on climate change.



TASE, as an organization with a broad social-economic impact on the local economy, recognizes the importance of linking its activity to the relevant SDGs and is a proponent of the adoption and advancement of the Goals in the Israeli economy.



Following a specification process, TASE defined the SDGs that are most applicable to its activity:

Goal	Secondary goal	Company's contribution to the Goal
4 Quality education 	**4.4 Increase the number of people with relevant skills for financial success.**	TASE advocates for financial literacy and operates on multiple levels to improve the public's access to financial education. TASE operates an extensive knowledge center on the Company's dedicated website, "TASE for Beginners", that contains specific areas for the novice investor and information on financial products, such as indices, derivatives and securities, makes tools and services available to investors and answers frequently asked questions. In addition, during the year, TASE hosts dozens of groups of high-school students from across the nation, economics university students, soldiers and other diversified groups that enjoy lectures on finance and the capital market hosted at TASE. Also, in 2022, TASE launched two dedicated campaigns: 1. The "Champion Stock Exchange" campaign that invited the public to learn more about the TASE indices and investments in products that track the TASE indices on Israeli securities - ETFs and tracking funds. 2. The "Trading for Everyone" campaign addresses the reduction of the minimum order size for shares included in the TA-35 Index. The goal of the campaign is to inform and encourage the public to actively partake in trading, in light of the more affordable order size.
5 Gender equality 	**5.1 End the discrimination against women and girls.** **5.5 Ensure women's full participation in decision-making processes.**	TASE recognizes the importance of equality in the work environment, both within TASE and among the TASE-listed companies. For this purpose, TASE works in cooperation with Supersonas to encourage women's participation in finance and entrepreneurship, by holding periodic meetings with local female executives and entrepreneurs, and the holding of the "Market Chic" events with IBI Investment House. Each such event focuses on a different aspect and hosts a female guest speaker who is an expert in the field. The events are open to all women. Additionally, every year on International Women's Day, TASE invites female CEOs of Israeli companies to the Opening Bell Ceremony. TASE is committed to the advancement of gender equality. In-house, 52% of all TASE employees are women and women's executive representation is 52%. In 2022, TASE published a call for public comments on a proposed requirement to increase women's representation in boards of directors to at least 35%.
8 Fair employment and economic growth 	**8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation.** **8.10 Encourage and expand access to banking, insurance and financial services for all.**	TASE plays a key role in the Israeli economy and serves as an infrastructure for growth. TASE works to increase the number of TASE members through which the public can operate on the capital markets. TASE is the "home court" of both issuers and investors in Israel. Most Israeli households are exposed to activity on TASE's markets through investment management entities, primarily pension funds, insurance companies, provident funds, advanced study funds and more. TASE values the advancement and reflection of the local economy. To this end, it works to increase the representation on TASE of companies from all sectors of Israeli economy.
9 Industry, innovation and infrastructure 	**9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure.**	TASE believes in providing solutions to facilitate the development of the Israeli economy through capital raising and the exposure of companies to local and international investors. TASE advances digitalization and automation processes, such as the transition to a fully digitalized offering process designed to allow companies to perform an IPO more easily and efficiently.


CORPORATE
GOVERNANCE

Corporate governance

Corporate governance refers to a management approach that consits of a set of principles and rules that define proper corporate business conduct, compliance, control and supervision practices. Quality corporate governanace is critical to the management of the organization and to creating economic value for the stakeholders. The principal components of corporate governance include: the structure and independence of the board of directors, the skills of the board of directors, shareholders' rights, ethics and more.

Structure and Activity of the Board of Directors of TASE

The Board of Directors of TASE is responsible for prescribing policies and strategy, including oversight over their implementation and execution by management. Among its duties, the Board of Directors is in charge of the control and supervision of a proper, fair and stable conduct; approval of TASE's rules; monitoring TASE members' compliance with the rules and principles; monitoring any extraordinary activity; appointing and authorizing committees of the Board of Directors; approval of financial statements and ongoing management of predefined topics.

In 2022, the Board of Directors of TASE comprised five members, including four independent directors.

Full name	Position	Committees
Salah Saabneh (*)	Chairman of the Board of Directors	
Yoav Zadok Chelouche	Outside director	Audit Committee (including in its capacity as the Compensation Committee and as the Committee for the Review of the Financial Statements) and Risk Management Committee.
Merav Ben Cnaan Heller	Outside director	Audit Committee (including in its capacity as the Compensation Committee and as the Committee for the Review of the financial statements) and Risk Management Committee.
Aharon Aharon	Outside director	Audit Committee (including in its capacity as the Compensation Committee and as the Committee for the Review of the financial statements) and Risk Management Committee
Gedon Hertshten	Independent director	Audit Committee (including in its capacity as the Compensation Committee and as the Committee for the Review of the financial statements) and Risk Management Committee

(*) Mr. Salah Saabneh, a director, served as Interim Chairman of the Board of Directors until 12.7.2023, on which date the appointment of Mr. Eugene Kandel as Chairman of the Board of Directors of TASE took effect. Mr. Arik Steinberg served as Interim Chairman of the Board of Directors until the termination of his office on 10.5.2022.
Ms. Bruria Gross-Prushansky served as an independent director, a member of the Audit Committee (including in its capacity as the Compensation Committee and as the Committee for the Review of the Financial Statements). Her office ended on 25.8.2022.

The Board of Directors has two principal committees:

- **The Audit Committee** is appointed by the Board of Directors. Its powers are stipulated in the Companies Law and the Securities Law and it comvenes at least once every quarter. Also operating within the framework of this committee are the Compensation Committee and the Committee for the Review of the Financial Statements.
  The Committee reviews the existence of proper controls in the Company and points out deficiencies in the business management of the Company, particularly in relation to the work plan and to the reports of the internal auditor, the reports of the independent auditors and the reports of the Risk Officer, as well as external reports. In its capacity as the Committee for the Review of the Financial Statements, the Committee discusses and recommends to the Board of Directors on the approval of the financial statements based on the discussion of the financial statements, including the assumptions and estimates made in connection with the financial statements and the integrity of the disclosure in the financial statements.
- **The Risk Management Committee** is appointed by the Board of Directors and convenes at least once every quarter. Among the duties of the Committee are recommending the strategies for the management of the various risks, including the mapping, monitoring, assessment, control, minimizing and reporting of the risks, the definition of and oversight of compliance with the risk appetite and risk limits, and the actual implementation of the strategy and assimilation of the risk management culture.



The investees of TASE have board of directors' committees that are comprised of members of TASE's Board of Directors and that convene as necessary:

- **The Board of Directors of the TASE Clearing House** comprises five members, including three independent directors, one of whom is a woman, and has three committees: Audit Committee, Risk Management Committee, and a Management & Calculation of the Risk Fund Committee.
- **The Board of Directors of the MAOF Clearing House** also comprises five members, including three independent directors, one of whom is a woman, and has four committees: Audit Committee, Risk Management Committee, a Management & Calculation of the Risk

	2022 data		2021 data	
Committees	**Number of meetings**	**Participation rate**	**Number of meetings**	**Participation rate**
TASE Board of Directors	26	97%	29	99%
TASE-CH Board of Directors	10	96%	10	100%
MAOF Board of Directors	10	96%	11	100%
TASE Audit Committee	14	97%	19	100%
TASE-CH Audit Committee	13	95%	14	100%
MAOF Audit Committee	13	95%	14	100%
TASE Risk Management	8	95%	9	88%
TASE-CH Risk Management	8	97%	8	83%
MAOF Risk Management	8	94%	8	83%

For further details and information regarding the Board of Directors of The Tel-Aviv Stock Exchange, the selection of the Board members and the Compensation Policy, see the periodic report for 2022.

Qualification and Expertise of the Board Members

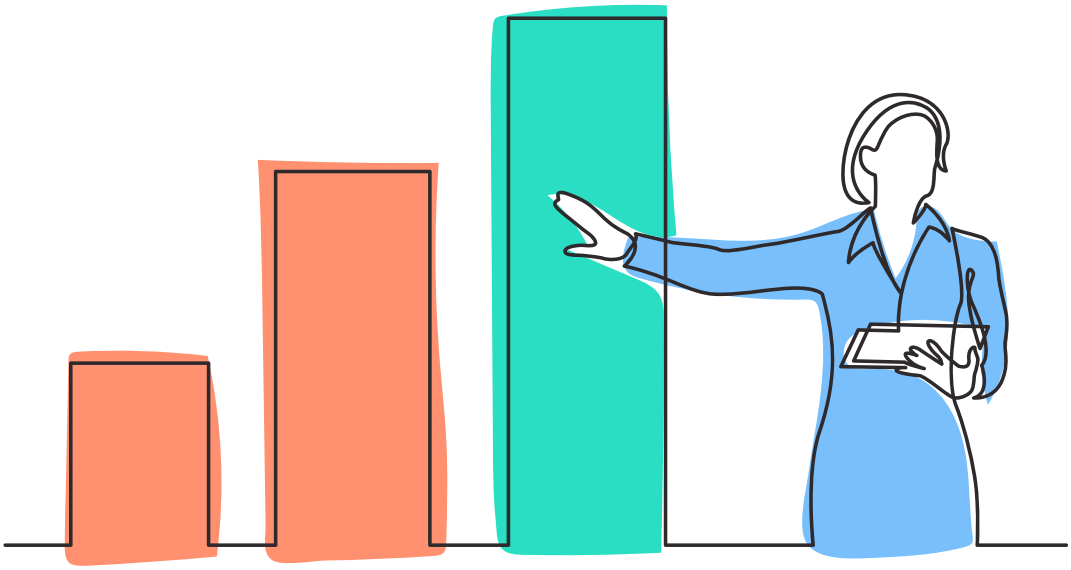
The following directors possess accounting and financial expertise: Ms. Merav Ben Cnaan Heller, Mr. Salah Saabneh, Mr. Yoav Chelouche, Mr. Arik Steinberg (See note on page 12 above) and Mr. Aharon Aharon. All of the directors that are listed above are familiar with the duties of the auditors, the processes of preparation of financial statements and internal control systems in entities.



Financial performance

NIS, in thousands	2022	2021	2020
Revenue from services	361,011	323,657	304,266
Financing income (expenses), net	(13,225)	4,540	(573)
Total direct economic value	**347,786**	**328,197**	**303,693**
Costs*	129,378	120,102	114,859
Payroll and employee benefits and share-based payments	148,435	149,134	140,635
Taxes on income	19,137	13,491	11,295
Dividend paid**	22,735	18,450	8,770
Total economic value distributed	**319,685**	**301,177**	**275,559**
Economic value retained	**28,101**	**27,020**	**28,134**

* Excluding payroll and employee benefits and share-based payments.
** In 2022, the Company carried out a buyback of Company shares in an amount of NIS 31.3 million.
For further details and information regarding the financial performance of The Tel-Aviv Stock Exchange, see the periodic report for 2022.



Collaborations and external initiatives

The Israeli Association of Publicly Traded Companies – acts as the representative organization of all public companies in Israel. In cooperation with the Association, TASE promotes initiatives and mechanisms that benefit all companies in the economy This cooperation yielded various successes, including the establishment of the Nominee Company by TASE (with the Association's encouragement), the achievement of regulatory easements for issuing companies and the ongoing advancement of the interests of public companies.

The Israel Investor Relations Forum (IIRF) - established by the Israeli Association of Publicly Traded Companies in cooperation with TASE. The Forum advances investor relations in Israel, for the purpose of enhancing the transparency and reliability of the companies in their dealings with their stakeholders. For several years now the Forum has been holding joint investor relations seminars with TASE for the public companies as well as related webinars and conferences.

CFO Forum - The Forum brings together the CFOs of leading Israeli companies. It serves as a hub for learning, sharing of knowledge and consulting on the core activities and issues pertaining to the role of the CFO in today's business world. TASE carries out collaborations with the Forum, such as conferences and lectures on various topics.

The Israel Directors' Union (IDU) - is the professional institution for supporting directors in Israel, including by providing guidance, training, consulting and representation of the directors in dealings with various authorities. Together with the IDU, TASE hosts events and functions in its Conference Center, cost free, as part of its dedication to the advancement of directors' knowledge in relevant areas, including the promotion of ESG goals.

Israel Advanced Technology Industries (IATI) - Israel's umbrella organization of the high-tech, life science, and other advanced technology industries. IATI's wide range of members cover every aspect of the Israeli economy, including venture capital and investment funds, R&D Centers of multinational companies operating in Israel, Israeli mature and growth companies, start-ups, incubators, tech transfer organizations, academic institutions and hospitals, innovation centers, municipalities, service providers and more. IATI publishes quarterly researches, professional reports, and surveys that point out newsbreaks and trends, in order to facilitate the access to the industry in Israel and worldwide in a variety of languages. TASE collaborates with IATI in offering analysis courses for companies.

Israeli Association of Corporate Counsel (ACC) - a global legal organization that promotes the common professional and business interests of in-house counsel who work for corporations, public companies and private-sector organizations, through information, networking, conferences, education, forums and a variety of other activities. TASE's collaboration with ACC includes lectures and courses pertaining to the areas of responsibility of corporate secretaries, their status and their dealings with TASE.

Association of National Numbering Agencies (ANNA) - An organization represented in every country that allots international identification numbers (ISIN) to securities based on generally accepted principles. In Israel, the role has been assigned to The Tel Aviv Stock Exchange.

World Federation of Exchanges (WFE) - a representative of TASE participates in the WFE's Sustainability Committee and Economists Committee.

Federation of European Securities Exchanges (FESE) - Israel became an affiliate member of the Federation in 2014.

Sustainable Stock Exchange (SSE) - TASE is a member of the Sustainable Stock Exchange Initiative. The purpose of the Initiative is creating a global platform that will enable exchanges, investors, companies, regulators and others to consider the assimilation of ESG aspects into the operations of exchanges worldwide.

Ethics, Compliance and Corporate Governance

Ethical Aspects of the Activities of TASE

The activity of TASE is founded on a relationship of trust and fidelity and therefore requires adherence to high morals and values, humanitarianism, professionalism and integrity, tolerance, acceptance and mutual respect. In January 2018, the Company adopted a Code of Ethics, reaffirmed in 2022, that applies to all the employees and managers in the Company, as well as to the members of the Board of Directors.

The Code of Ethics is based on the five core values that characterize the employees of TASE and that serve as an organizational moral compass that directs its activity:



The high ethical standards represented in the Code of Ethics reflect TASE's aspiration to set an example for excellence of service and to establish and maintain a strong relationship with its stakeholders.

Any new employee joining TASE is required to read and sign the Code of Ethics. In addition, once a year, the Code of Ethics is distributed to all employees and managers of the Company for refreshing. The employees are instructed to report violations of the Code of Ethics and any conduct that is contrary to TASE's rules of ethics, in accordance with the Employee Complaints Procedure. The Procedure specifies the process for submitting a complaint, the handling function and an explanation on how complaints are handled. In 2022, there were no violations of the rules of ethics and no complaints were received on the violation of TASE's Code of Ethics.

The Company upholds trust, integrity and mutual respect and encourages open communication on all levels. The employees of the Company are required to act in solidarity, good faith, integrity, sincerity and fairness in any action performed, both within the Company and in dealings with customers and others. TASE is dedicated to professionalism, both within the Company through the nurturing of the professional skills and knowledge of Company employees, and outwards, in providing the best professional services to its customers. The Company constantly works to improve the services that it provides to the TASE-listed companies. To this objective, it continuously develops innovative and accessible products and solutions to the highest standard.

Compliance

The role and position of TASE and its investees make it imperative for TASE to strictly adhere to the applicable regulation. Failure to comply with regulation could expose TASE to losses, the imposition of sanctions (such as penalties, monetary sanctions and more) and compromise the image of the Group and of the Israeli capital market.

As part of its compliance with regulation, subject to the Internal Audit Law and to its public entity status, TASE appointed an internal auditor nominated by the Board of Directors and recommended by the Audit Committee, who serves as an external independent mechanism for compliance and internal control. The duties of the internal auditor include, inter alia, examining whether the actions of the public entity, officers and functionaries are in compliance with the law, proper management and ethical conduct and are fiscally prudent and efficient, as well as whether these are conducive to the achievement of the Company's goals. The performance of these actions enhances the compliance culture, enforcement and control in the Company, thereby protecting the interests of the public.

Listed below are the internal audit reports discussed at the Company's Audit Committee in 2022:

- Security and information
- Human resources
- Administrative enforcement, including compliance and enforcement
- Treasury, controllership and payments
- Follow-up on the implementation of reccomendations from 2020-2021

In addition, an annual work plan was drafted for internal audit in 2022, both at the Company and at the Clearing Houses, by the internal auditor. The multi-annual workplan was formulated based on a mapping of activities, surveys, reviews and interviews with relevant functionaries. The plan was discussed at the Audit Committee and approved by the Company's Board of Directors.

The Compliance Policy is designed, inter alia, to delineate the management of the compliance risk at TASE so as to significantly reduce violations of regulation directives, facillitate the early detection of violations, effectively minimize the exposure of the TASE Group and of its officers and employees to lawsuits and financial losses due to violations, and diminish any damage to its image and reputation.

TASE maintains several mechanisms that employ tools, means and controls for the implementation of policies and procedures relating to compliance and internal enforcement:

Enforcement Plan - In 2019, TASE approved its first enforcement plan, which addresses the following topics: Procedure for the Prohibition of Use of Insider Informartion, Fraud and Manipulation, Reporting Procedure, Procedure for Transactions with Interested Parties Including Compensation of Interested Parties and Handling of Conflicts of Interest, and a Procedure for Communication with the Israel Securities Authority and Market Functions.

Enforcement Forum - Headed by TASE's Compliance and Enforcement Officer, the forum convenes at least twice a year and includes the Company's Legal Counsel and Corporate Secretary, the CFO and other functions that have bearing on enforcement in the Company. The forum focuses on internal enforcement issues pertaining to securities laws. This includes discussion of the various aspects of the Company's disclosure and reporting activities, legislation updates and new directives pertaining to the Securities Law, as well as failures and deficiencies in relation to the Securities Law.

Compliance and enforcement controls - Periodic controls are performed that are based on the provisions of the law that apply to the Company and reflect the findings of the compliance survey as well as new regulation on the activity. These are designed to identify processes that could be sensitive and exposed to potential failures or compliance violations. The compliance controls focus on the following: provisions of the Securities Law and the regulations and directives published thereunder, the TASE Rules and Regulations, the By-Laws, U.S. taxation, protection of privacy, policy documents and procedures of TASE.

Analysis of operational events from a compliance perspective - Ongiong examination of operational events that are reported through the Moked CRM system, in accordance with the Procedure for the Reporting of Operational Failure Events. The implementation of the lessons drawn from such compliance analyses is regularly monitored and any compliance violations are addressed. The events are listed in a risk report drawn up by the Risk Officer, which contains all operational events as well as the remarks of the Compliance Department on each such event. In 2022, there were no material compliance events to report.

Regulatory updates - TASE continuously monitors legal and regulatory developments, in order to assess their impact on TASE.

Training and learnware - TASE holds training sessions for employees and managers in accordance with regulatory requirements, TASE's policies and the Enforcement Plan. In those sessions, employees are educated and refreshed on the relevant topics.

Anonymous direct line - A fundamental component of an effective compliance and internal enforcement plan is the reporting and handling of related violations, such as: economic crimes and fraud, sexual harassesment, bribery and corruption, conflicts of interest and the compromising of ethics and compliance. These reports are delivered via an anonymous direct line. TASE maintains an anonymous direct line to the Chairman of the Audit Committee, in accordance with the Procedure for the Handling of Employee Complaints on Deficiencies in the Management of TASE's Affairs.

Compliance survey - TASE formulates and executes a compliance survey once every three years. The most recent compliance survey was conducted in 2022. The survey is designed to verify the implementation by TASE of its obligations pursuant to the laws and rules to which it is subject and to identify exposures and prevent potential failures. For every new area of activity operated and developed by TASE, the need to establish a dedicated compliance survey is determined. The findings of the survey serve, among others, as a foundation for the compliance policies and controls.



Risk Management And Business Continuity

The activity of TASE is accompanied by an exposure to various risks, including operational risks, strategic and business risks, regulatory risks, reputational risks, financial risks, and legal risks.

To cope with those risks, TASE's Risk Management Department, headed by the EVP Chief Risk Officer, is responsible for establishing policies and corresponding work routines, including the implementation of processes, the integration of tools for the identification, assessment and measurement of the risks, as well as the institution of mechanisms for ongoing reporting and control.

Once every three years, TASE conducts cross-organizational surveys: an operational risks survey, an economic crime and fraud concentrations survey and a gap survey in relation to the preparation for business continuity. Additionally, every year TASE reviews and updates the principal risk concentrations in the Risk Matrix document, and every quarter it updates TASE's Risk Profile. The various risk surveys and the Risk Matrix are used to indentify the principal risks to which TASE is exposed and which it handles. The risk factors identified by TASE in the latest mapping performed in 2021 include, inter alia, operational risks, cyber risks, regulatory risks, risks arising from collective work relations and risks relating to the implementation of the strategic growth plan.

One of the main risks that TASE currently faces is cyber risk. TASE, as a provider of critical infrastructure services, faces a significant risk of cyber attacks and other cyber risks. The technological systems of the Company, its employees, its external service providers and its customers could be susceptible to targeted attacks as a result of hacking, fraud, malware, denial-of-service attacks, acts of terrorism, ransom attacks, failure of anti-virus or encryption programs and other security issues.

Criminal groups, groups of social activists and national militant groups regularly aim to bring down the financial services sector. Therefore, TASE's central position in the financial markets places it at a greater risk than other public companies. Such attack could disrupt its activity and cause the loss of customers and the reduction in trading volumes, consequently leading to a reduction in revenue, liabilities or signifiant expenditure for legal defense, response to or recovery from cyber attacks or ensuing investigations. As of 2022, the Company has not experienced material cyber events, however it had previously experienced cyber attacks of varying scopes, with no significant impact. The Company maintains an annual work plan for cyber defense and the reduction of those risks, employing means of defense, identification and response.

As part of the Company's preparation against the realization of the cyber risk, the Company performed the following actions:

1. Adoption of an information and cyber security policy.
2. Approval of the appointment of an Information Security Officer.
3. Training of information security personnel and performance of drills.
4. Compliance with international security standards for the management of cyber defense and compliance with the related certification requirements.
5. Penetration tests, cross-organizational testing.
6. Employee awareness and training.

Additionally, in view of the Company's classification as a Critical Information Infrastructure, it is supervised by the Israel National Cyber Directorate, a government institution. Accordingly, it is required to report malfunctions and/or events, as defined in internal procedures, and manage them in the reporting system, including drawing lessons from events, keeping the Chief Risk Officer and the Board of Directors and its committees informed.

As aforesaid, within the framework of preparation for and mitigation of operational risks, TASE performs an operational risks survey. The survey is conducted with the assistance of an external consultant and is designed to identify and map the operational risks inherent in the overall process, in the business lines and in the auxiliary units of the Company. The results of the survey and its recommendations serve as a basis for the improvement and/or the addition of controls, for the purpose of mitigating the identified exposures and risks. The most recent survey was conducted in 2021.

For the purpose of identifying economic crime and fraud concentrations and risks, once every three years TASE conducts a survey for the mapping, identification and mitigation of criminal crime and fraud concentrations. The survey is conducted with the assistance of an external consultant and is designed to identify and map the operational risks inherent in the overall process, in the business lines and in the auxiliary units of the Company. The survey findings and its recommendations serve as a basis for the improvement and/or the addition of controls, for the purpose of mitigating the identified risk exposures. The most recent survey was conducted in 2023.

Once a year, TASE updates the full Risk Matrix document, and every quarter it updates the Risk Profile - to reflect changes in the characteristics of TASE's activity and in the business environment in which it operates.

As part of its duties, the Risk Management Department also accompanies the process for the consideration and setting up of new products. This process includes identification, assessment, monitoring and control of the risks inherent in new products, in the process for their setting up and integration into the systems of TASE, in their current operation, and their effect on TASE's overall risk profile.

Every year, the Company performs cross-organizational stress tests at the Group level (business and/or financial and/or operational stress tests) and examines their impact also at the level of the Clearing Houses. One of the objectives of stress testing is to alert against extreme impact that could result from the realization of multiple risks, thereby helping prepare and determine the level of financial resources that is required to absorb losses and mwwr the capital and liquidity requirements, even in the event of a significant hit.

In 2022, several regulation updates took place, which have material impact on the activity of TASE. In response to those updates, TASE has taken, among others, the following steps and actions:

Qualification of the TASE Clearing House as a provider of clearing services to the European Union - in light of the European Union's recognition of Israeli regulation as corresponding to the European Market Infrastructure Regulation (EMIR). In October 2022, the TASE Clearing House submitted an updated application for recognition as a qualified Third-Country CCP. Accordingly, in March 2023, the European Securities and Markets Authority (ESMA) announced that it recognizes the TASE Clearing House as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation and that, therefore, the Clearing House is qualified to provide clearing services to EU member states for a variety of financial instruments.

Advancement of the regulation of digital asset activity - In light of the publication of proposed amendments to various secrities' laws in relation to digital assets (cryprographic assets, digital currency, tokens) using Distributed Ledger Technology, TASE has set rules for the digital asset activity and has also addressed the matter in the new strategic plan for the years 2023-2027.

Within the framework of the proper and consistent management of risks, in 2022 TASE put into effect, for the first time, a margin requirement policy, a policy for the management of collaterals at the TASE Group and a policy for the management of the reputational risk, which comprises a series of actively-managed reputational risks.

Additionally, the Company has taken several preparatory actions in order to mitigate the exposure to risks that could disrupt its continuous activity. Listed below are part of the actions taken:

- The Information Technology and Operations Department created a secure work channel for employees, which enabled them to continue their regular work remotely, based on authorizations and the reinforcement of TASE's IT systems. The creation of a secure work channel and the definition of authorizations and reinforcement of TASE's systems have allowed a smooth transition to remote work without compromising the Company's operational activities, and with no adverse effect on trading, clearing and offering processes as a result of the transition.
- In order to secure the continuous functionality of TASE after an extraordinaey event, a business, financial and operational recovery plan has been drawn up and approved, which incorporates action plans for recovery from various events, including action scenarios and means for mitigation. The plan contains, inter alia, a strategic analysis, a definition of indicators and thresholds for the identification and alert of the realization of potential stress scenarios, as well as a series of customized recovery steps for each of the scenarios.



Cyber and information security

TASE is defined as a critical infrastructure in the State of Israel, which is supervised by the National Cyber Directorate. Since 2020, TASE is certified under global information security standard, ISO 27001, for the management and keeping of information in organizations, and under ISO 27032, for cyber security, similarly to leading global organizations. This standard is subject to the implementation of stringent information security procedures, thereby creating a strict operating framework that supports the protection of the information contained in TASE's databases, with the added benefit of increased confidence in the reliability of the existing data.

As a body entrusted with proper trading processes, the performance of sensitive financial transactions among public institutions and retail traders and the presentation of reliable information to the markets, the increased exposure to cyber risks resulting from the global advancements in technology poses a material risk to the activity of TASE. To mitigate the risk, TASE operates a cutting-edge Cyber and Information Security Unit that is crucial to the reflection of local trading.This Unit is of national importance in ensuring proper and reliable economic activity in Israel. The Unit is headed by a Chief Information Security Officer (CISO) appointed by the CEO of TASE.

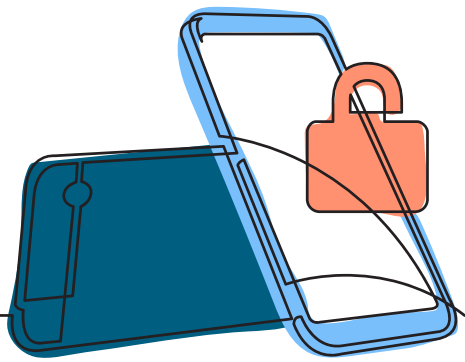
The main level on which the Cyber and Information Security Unit operates is the current operation of the existing systems and the ongoing testing of the systems' robustness, to ensure the optimal and continuous operation of TASE and trading. Its actions include, inter alia, intelligence measures, such as preventing information leakage, penetration testing of TASE's systems and testing the technologies of TASE and its service providers for malware, performance of information security surveys for existing and new systems, and more. In addition, the Unit continuously ensures the existence of a secure development environment for steamlining and improving the coding, accompanies various internal projects throughout the stages of the project and regularly monitors and analyzes improper activity in its systems. Furthermore, TASE operates and holds seminars, drills and workshops that include a dedicated program for employees to increase the awareness to cyber attacks (simulation of Emails containing phishing links, seminars on cyber attacks for the professional teams, management drills, system penetration testing and more).

In 2022, concurrently with the ongoing maintenance of the existing projects, the Cyber and Information Security Unit advanced new projects, the principal of which include:

- Operation of a new authorizations' system that helps mitigate password exposure, by implementing login through a secure system with random passwords for the various systems.
- Upgrading of the backup system to be malware proof - the improved backup system is separate from the TASE sites and contains additional defenses for the information that it keeps, which provides significant protection for the information contained on the servers of the Company.

In 2023, the Cyber and Information Security Unit is planning to advance additional new projects, the principal of which include:

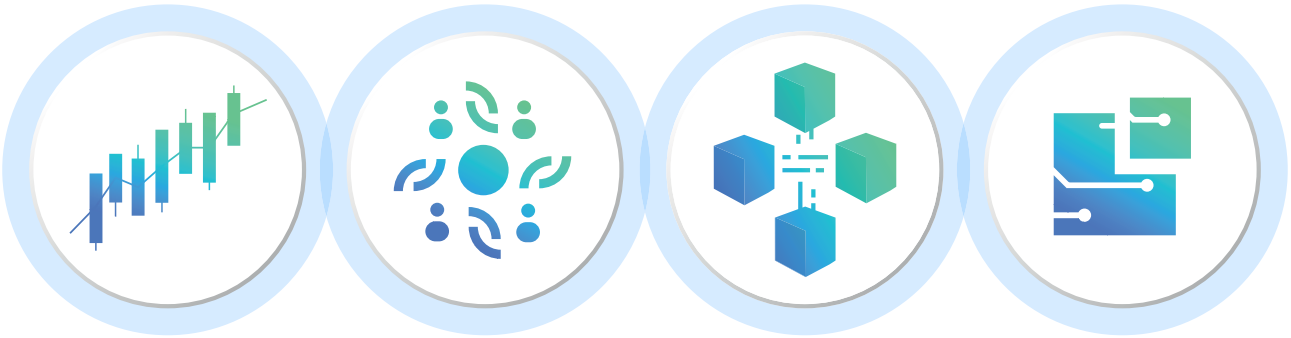
- Integration of a One-Time Password (OTP) system - introducing an additional verification component for users and log-in via a code delivered to the user's device.
- Integration of a new Security Information and Event Management (SIEM) system to upgrade the existing information security event management systems. The system expediently investigates cyber-event controls. The system inputs organizational information security events, links different events through logical connections and tracking and enables the production of reports that help map information security events.
- Integration of an Application Programming Interface (API) secure communications system that is designed to enhance the security of information transmitted between the various internal systems.



Business development and strategy

In October 2022, the Board of Directors of TASE approved a new strategic plan for the years 2023-2027. Within this framework, a restructuring of TASE and the subsidiaries was approved, in order to ensure the implementation of the aforesaid strategic plan and to further the continued development and upgrading of the local capital market. The plan includes four principal stategic goals in the areas of activity of the Company.

Presented below are the principal strategic goals prescribed in the new strategic plan:



Enhancement of TASE value proposition

Direct customer engagement

Blockchain, Crypto and digital assets strategy

Export of Technological Services and Solutions

1. **Further developing and enhancing the value proposition of the core activity of TASE** - The Company attributes significant strategic value to further enhancement and upgrading of its core activities and to increasing its value proposition to the various customers. Within this framework, the Company intends to pursue, inter alia, the reinforcement of TASE's international profile and attraction of foreign investors, a stronger connection with the existing investors, upgrading of Israel's markets, and the regularization and upgrading of the mechanisms for the clearing and reporting of off-exchange (OTC) transactions.
2. **Strengthening the engagement with the end customers** - The Company will consider courses of action for strengthening the interrelations and the interfaces with its customers, whether directly or through intermediaries, and will advance direct services, improving and expanding the value proposition in the private market, building on TASE's expertise, reputation and operational solutions.
3. **Digital assets strategy** - Creation of a platform for trading in digital assets and venturing into the Crypto arenas: similarly to moves that are advanced by other leading global exchanges, and, taking into consideration, inter alia, the development and growth of new digital assets, TASE will pursue the integration of innovative technologies into its activity.
4. **Export of technological services and solutions to foreign exchanges** - TASE intends to promote the sale of technological services and solutions designed for small and medium exchanges, based on existing technological capabilities and those that will be developed as part of the implementation of the new strategic plan.

For further details and information regarding the strategic plan of The Tel-Aviv Stock Exchange, see the periodic report for 2022.

As part of its ongoing activities, TASE dedicates significant efforts to strengthening the ties with the public and increasing the public's involvement and participation in the success of the local economy. TASE prioritizes the removal of trading barriers and making the capital market accessible to the public, in order to allow the public to enjoy a bigger share of the success of the local companies and the Israeli economy.To this aim, TASE pursues two principal channels - communication and marketing. In 2022, TASE continued to advance financial education for the public, through conferences and lectures, improving the accessibility of trading data, expanding the knowledge base and highlighting the importance of investments in products that track TASE's indices on Israeli securities. All these are presented in a straightforward everyday language and are available free of charge on the TASE website and app.

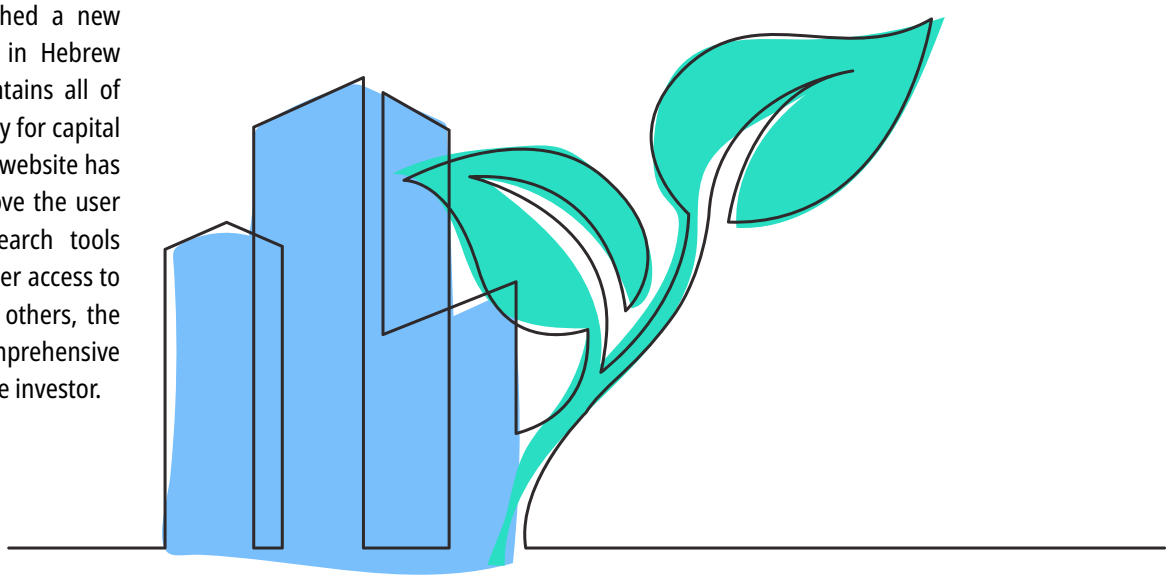
In 2022, TASE launched two campaigns for improving the public's financial education:

- **The "Champion Stock Exchange"** - campaign that invited the public to learn more about the TASE indices and investments in products that track the TASE indices on Israeli securities (ETFs and tracking funds). The campaign was designed to remove trading barriers and expand the public's familiarity with and involvement in the Israeli capital market. As part of the campaign, and in order to improve the public's awareness to the possibilities of investment in the TASE indices, TASE launched a dedicated website, TA-index.tase.co.il, that offers, among others, an index calculator for an easy comparison of the yields of principal indices over different timeframes, information on the principal indices and the products tracking those indices, as well as a list of the managers of ETFs and tracking funds that have investment products tracking the TASE indices on Israeli securities that are traded on TASE.
- **The "Trading for Everyone" campaign** - in order to advance financial inclusion and increase the participation of investors with different capital resources, the TASE technical Unit significantly reduced the minimum order size: for shares included in the TA-35 Index, the minimum size of an order was reduced from NIS 5,000 to only NIS 500, and for all other shares - from NIS 2,000 to only NIS 500. The purpose of the move - to enable the public to participate in the continuous trading phase with smaller amounts than previouly required. To this aim, the minimum order size in the continuous trading phase was reduced. This move has increased the involvement of private investors from among the public in the trading on TASE, by allowing the public to participate in all trading phases with "small" orders. This move has created more trading opportunities and increased liquidity for the private investors that, naturally, are unable to frequently trade in high amounts. Within the framework of the campaign, TASE launched the "Trading for Everyone" website, which offers Q&A for the novice investor, information on the yields of TASE's leading indices over the past decade, smart-investment tips, comparison of trading commissions and more.

In addition, TASE continues to host dozens of groups of high-school students from across the nation, university students, soldiers and other diversified groups that enjoy lectures on finance and the capital market at the TASE building. In 2022, TASE hosted 30 such meet-ups for various groups. In the meet-ups, the guest groups are provided with content and educational materials that describe the development of the Israeli Stock Exchange, its significance to the Israeli economy and its contribution to the growth of both Israeli and international companies.

In 2022, TASE created a new tool for investors and end-customers - TASE+, launched to the public in 2023. The product offers tools for investors and end-customers and serves as a means of communication with retail clients. It enables the private management of smart portfolios, by identifying insights on the activity of a private portfolio in relation to that of other comparable portfolios. The new services are designed to offer transparency and easier access to relevant investment information, including customized data and related insights and analyses, which are becoming invaluable for the investing public, as well as to remove investment barriers due to insufficient access to capital market information and knowhow, which are mainly common among the younger investors.

In addition, TASE launched a new and upgraded website, in Hebrew and in English, that contains all of the information necessary for capital market participants. The website has been upgraded to improve the user experience and new search tools were introduced, for easier access to the information. Among others, the new website offers comprehensive information for the novice investor.



Automatization, Digitalization and Improvement of Infrastructure in the Processes of TASE

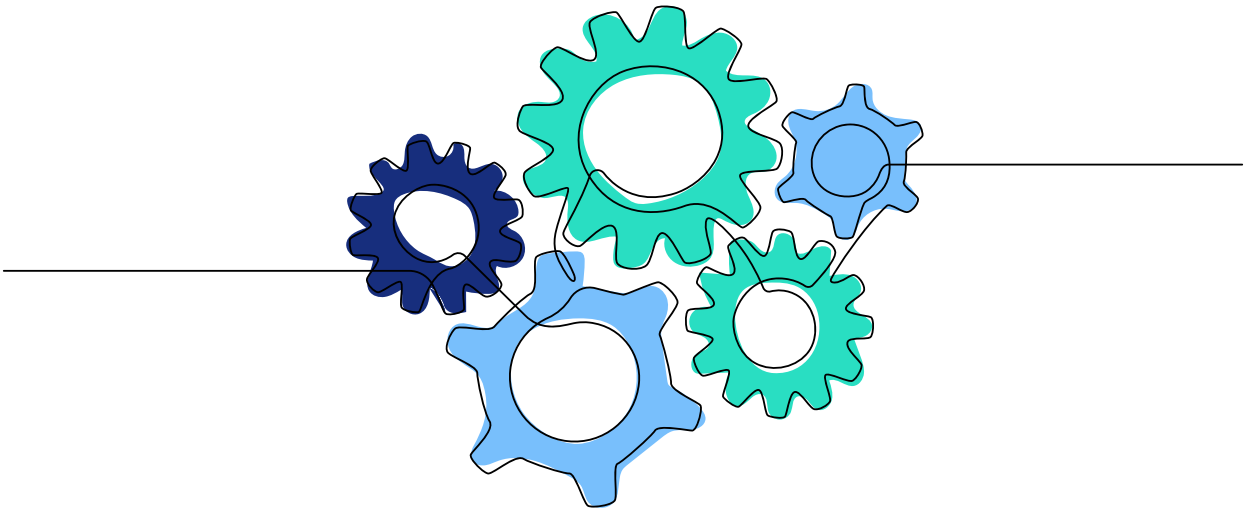
TASE dedicates substantial resources to improving and increasing the efficiency of processes in many aspects of its operations. In recent years, the most significant aspect has been the automatization and digitalization, which meets TASE at every crossroad of activity - both internally, in the form of the upgrading of the systems and Clearing Houses, and externally, in the form of the promotion of various initiatives with the investors and the TASE-listed companies. For example, the end-to-end automatization of offerings that commenced in 2022 is a revolutionary process that helps remove trading barriers and streamline processes for companies planning an offering, allowing for an environmentally friendlier process.

TASE operates a website and a dedicated app, TASE - Tel Aviv Stock Exchange, for the purpose of making TASE's services available to its customers, and uses them to present trading data on securities, ETFs and derivatives, data on indices and market trends, studies, reports of public companies on the MAYA system, information on trading and offerings, educational content and more.

TASE works to improve and develop tools to take trading to the next level and provide new abilities to investors, traders and companies. In 2022, TASE worked on several different levels to upgrade products and services and to improve the interface with the various stakeholders. These actions included:

- **Creating an infrastructure for the improvement of the derivatives markets** - The infrastructure performs a daily revaluation of the overall derivatives in the market, whether or not they were traded. The infrastructure is designed to resolve a long-time market failure, where the revaluation of securities was performed independently and non-uniformly by the various bodies, resulting in a significant waste of resources.
- **Upgrading of the trading infrastructure** - A multiannual project that is designed to improve the efficiency of the systems and facilitate business flexibillity. The upgrade modifies the information collection capabilities of the system components, from interception of specific information to the constant listening of all system components, which enables each component to intercept specifically relevant information. This method facilitates technological advancement and significantly improved scalability compared to the old method, for example, by performing a modular infrastructure updating to meet the market needs. This upgrade could facilitate additional technological services for TASE to offer to the various parties.
- **Upgrading of the reporting system of the TASE Clearing House and the MAOF Clearing House** - The upgrade includes the replacement of the existing reporting system that was based on outdated technology, with a new system. The upgrading of the Clearing Houses also included the review of the existing modules and the setting up of new modules, as necessary. The upgrading process is planned to be completed in 2024.
- **Automatization of the offering process** - As aforesaid, TASE has streamlined the offering process, through its end-to-end automatization. This simplifies the offering process for all types of companies, both as regarding compliance with requirements and the submission of documents, reduces the necessary resources, such as work hours, couriers and paper, and contributes to a more focused and efficient process.

Constant improvement of the capabilities of the **application programming interface** for the TASE data, which enables the swift and reliable transmission of information to the various stakeholders. TASE already offers a wide range of applications under the umbrella of this service, and is planning to add various additional applications that will enhance the independent analysis capabilities of the various stakeholders based on the data published at TASE.



Claims and complaints

In the ordinary course of business, TASE receives inquiries and complaints on various topics from external parties. Such calims and complaints could evolve into legal claims against the Company. Any lawsuits against TASE are handled by the Legal Department, management and relevant professionals, such as external lawyers, ocassionally requiring the involvement of the insurance companies. In 2022, no significant complaints or legal claims have been filed against TASE.

TASE values the communication with stakeholders on various matters pertaining to the ongoing improvement and streamlining at TASE. To this aim, TASE has instituted a Public Inquiries Procedure that outlines the optimal process for addressing public inquiries. To ensure that inquiries are addressed efficiently and in a professional manner, TASE created a dedicated channel that directs the inquiry to the function in the Company that can best address the specific inquiry. Inquiries submitted are received by a designated employee, who provides the initial response and/or transfers the inquiry to the relevant professional function in the Company. The number and types of inquiries are regularly monitored, as a means to identifying necessary improvements to the work processes. This has proved to be effective, as 888 public inquiries were received in 2022 - 16% less than the number of inquiries made in the corresponding period last year, thanks to the prompt response to recurring inquiries in prior years.Notwithstanding the aforesaid, there has been a rise in inquiries made by foreign investors, mainly with regard to the translation of information, as well as a rise in the number of inquiries referred to the Strategy Department for independent purchase of data.

Presented below is a summary of the inquiries received by TASE in the years 2021-2022:

Department/ Unit	2022	2021
Economics	253	245
Trading and Clearing Houses	147	200
Strategy and Business Development	47	28
TASE website	12	39
IT and Operations	121	164
Communications & Public Relations	234	292
Compliance	62	77
Legal	3	1
Human Resources	8	7
Secretariat	1	3
Total inquiries	**888**	**1,056**


SOCIAL

Human capital management

TASE highly values the creation of a respectful, inclusive, challenging and stimulating work environment for its employees. The Company prioritizes the nurturing of its human capital and dedicates significant efforts and resources to the employees and their work environment. TASE offers its employees opportunities for development and growth that promote excellence and professionalism.

As of the end of 2022, TASE has 260 employees, consisting of salaried employees and employees in a trial period, as well as 85 outsourced employees in IT and maintenance.

The employees of TASE are covered by a collective agreement that provides for the terms of pay and the related social benefits*. In 2022, 95% of the TASE employees were covered by a collective agreement**. Senior management members are covered by personal contracts and are not included in the collective agreement. The employees committee is updated in advance on any organizational changes in the Company, prior to its execution. Additionally, early notice is given to the employees, in accordance with the collective agreement and depending on the nature of the requested organizational change.

The Employees of the Tel-Aviv Stock Exchange:

Type of employees	Age group	2022	2021
Male	Under 30	1	1
	30-50	82	79
	Over 50	42	43
Total		125	123
Female	30-50	71	69
	Over 50	64	66
Total		135	135
Total Employees		260	258

Turnover:

Status	Gender	2022	2021
Recruited	Male	10	4
	Female	6	5
Total		16	9
Resigned	Male	6	3
	Female	8	4
Total		14	7

* The collective agreements at TASE expired in September 2022. Over the past period, the management of the Company, TASE's Employees Representation and representatives of the New General Federation of Labor have held discussions for the formulation of a new collective agreement and as of the reporting date have even reached understandings and are currently drafting a new collective agreement.
** It should be noted that outsourced employees are not TASE employees, but rather service providers with whom a separate service agreement was signed. Accordingly, they are not included in the collective agreement.

TASE's Human Resources Department is entrusted with creating a comprehensive organizational culture that is founded on a set of values, a Code of Ethics, communication within the organization, social responsibility, disciplinary aspects, formal procedures, and proper work relations. The Department is in charge of implementing and enforcing the provisions of the labor laws that apply to TASE in its dealings with the TASE Employees and with the employees committee, and is also entrusted with the holding of negotiations and the signing of collective agreements and pay agreements with the employees committee, which serve as the basis for TASE's pay policy and terms of employment.

In addition, the Human Resources Department oversees the assimilation of the Code of Ethics in the organization and its enforcement, including the assimilation of the regulations and procedures with which the TASE employees are obligated to comply, as follows: Code of Ethics, conduct procedures, prevention of sexual and other harassment, confidentiality, information security, Employee Complaints Procedure, accessibility and more. The Human Resources Department handles any disciplinary incident and/or violation of TASE's Code of Ethics, this in conformity with the procedures of TASE and the requirements of the law.

The Human Resources Department is responsible for handling the prevention of sexual harassment and related complaints, in conformity with the provisions of the law and the Company's procedures. To create a healthy work environment, all employees of the Company partake in annual seminars, the Prevention of Sexual Harassement Procedure is presented visibly in multiple locations within of the TASE building and all new employees are required to approve by signature their acquaintance with the Procedure as part of their orientation process. No sexual harassment complaints were submitted in 2022.

Diversity in the Workplace and Equal Opportunity

TASE is dedicated to ensuring diversity in the workplace in general, and gender diversity in particular. As of the end of 2022, 52% of the direct employees at TASE are women. Women's executive representation is 52%. In addition, women account for 59% of the upper decile of salaried employees in the Company.

Active Advancement of Women

- **Promotion of gender diversity in the industry** - Leading a program for the training of women executives in Israel, in cooperation with Supersonas, a national social organization dedicated to paving the way for a balanced presence of women in influential and decision making positions in the Israeli economy. The course program consisted of eight sessions for women executives in TASE-listed companies and was designed to prepare them for CEO positions, by providing them with management tools and creating a community of women peers. The participants continue to strengthen the community of peers eve after the conclusion of the program. In 2022, two additional courses were held for women executives of public Israeli companies.
- **"Market Chic"** - A series of economic-social meetings for all women. The meetings are held by TASE in cooperation with IBI Investment House. Each meeting holds 200 participants at TASE's Conference Center. The initiative, which commenced over a decade ago, is designed to uncomplicate economics and finance, through a meeting with women who hold key positions in the Israeli economy. The meetings serve a dual purpose: getting to know the TASE-listed companies and bringing women together women from different sectors of society. Each meeting hosts several women speakers who address a specific topic. One of the meetings held in 2022 addressed credit, finance and investments, and another discussed wealth management by women.
- Every year, to celebrate International Women's Day, TASE holds a special Opening Bell Ceremony with women CEOs from TASE's new companies. The event is held as part of an initiative of the World Federation of Exchanges, in which 160 exchanges worldwide participate.

TASE prioritizes the inclusion of underrepresented populations in the Company. For this purpose, TASE collaborates with recruiting firms that specialize in underrepresented populations. TASE's Recruitment Coordinator is responsible, inter alia, for promoting diversification processes, such as targeted recruitment of employees from specific populations, as well as identifying and addressing the unique needs of those employees.

Accessibility at TASE

TASE constantly works to enhance the accessibility of its activities - both physical and virtual - by ensuring the accessibility of its properties and websites. All the properties of TASE are compliant with physical accessibility legal requirements, including the telephone centers and service centers. TASE was awarded an accessibility certification already in 2014, and the most recent accessibility survey was conducted in 2021. The survey revealed a number of immaterial points for improvement, that were promptly addressed, such as: marking the glass dividers of the glass door adjacent to the lobby elevator, additional signage directing to the accessible restrooms and signage informing visitors of the availability of assistive devices for the hearing impaired, and more. In addition, the TASE website complies with the Accessibility Regulations and the documents of the Company posted on the website are accessible to the public. In addition, a dedicated Accessibility Officer was appointed to monitor and manage accessibility aspects at TASE, and in the Human Resources Department a Recruitment Coordinator was appointed to handle the inclusion of employees with disabilities and provide them with an accessible work environment.

Every year, all TASE employees take a refersher course on service accessibility. The refresher course discusses accessibility elaborately, including acquaintance with various types of disability and how to properly address people with disabilities, and highlights the importance and principles of accessible service. The refresher course places an emphasis on accessible service, both from a physical perspective, by making buildings accessible, and at the service level, by adapting the service to the needs of people with various disabilities.

In 2022, TASE's development team participated in two accessible development seminars, which are designed to expand their accessible development toolkit, provide them with current accessibility updates and highlight material accessibility components of development.

The seminars addressed, inter alia, the following topics:

- Screen reader - Acquaintance with screen-reader components: tables, headlines, reading, transition between browsing modes.
- Accessible writing and photos
- ARIA laws
- Focus adjuster and use of index tabs

Data of employees from underrepresented populations for 2022:

	Number of employees
Total employees in the Company	21
Total employees recruited during the year	4

TASE highly values the inclusion of diverse populations in the workforce. To this aim, TASE maintains a program for the integration of employees with high-functioning autism in the organization. As part of the program, these employees perform various jobs that provide them with a set of tools and skills, which will serve them in their personal and professional future and help them take part in the work market.

TASE recruits employees without discrimination based on ethnic, religious faith, gender, sexual orientation or any other aspect that does not reflect professional attributes of the Company employees that are relevant for their occupation. Furthermore, TASE has a zero-tolerance policy and objects to any type of discrimination or harassment, whether verbal or physical, based on gender, sexual orientation, ethnicity, religious faith and more. In 2022, TASE has received no reports on any type of discrimination.

Advancement of workplace diversity

TASE holds that socially diverse companies are more successful, more innovative and more durable.

In 2022, TASE launched a social awareness campaign aimed at maintaining and encouraging workplace diversity in Israel, on billboards encouraging the hiring of Arabs and Orthodox Jews, under the slogan, "Israel Steps Up". TASE called the government and Israeli companies not to dismiss workplace diversity, but rather to step up and continue the integration of various sectors in the workplace, to strengthen the Israeli economy.

Additionally, TASE is planning to expand its workplace diversity endeavors by establishing a dedicated fund, in collaboration with Social Finance Israel (SFI) - a social enterprise that promotes the flow of capital towards solving social issues in Israel, through the use of innovative financing tools. The objective of the fund is to assist in the placement of underserved populations in understaffed quality employment opportunities. Relevant placements will be defined once the preliminary survey is complete. The joint fund will finance placement firms that will hold dedicated courses for the relevant positions, train employees from underserved populations and act as a bridge between the certified employees and the open positions. The fund's unique model of operation is expected to be finalized in 2023, upon which it will commence its activity.

Pay data for TASE employees

A review performed in 2022* revealed no significant pay differences between women and men in similar positions among the TASE employees, with a 7% gap in favor of men (based on the pay recognized for severance pay purposes). The pay differences are due, inter alia, to salary components that are based on overtime, shifts and on-call undertaken.

* For further details and information on the pay data for employees of The Tel-Aviv Stock Exchange Ltd., see the report for 2022 in accordance with Amendment No. 6 to the Equal Pay for Employees Law, 1996, and for 2021.

Employee Welfare

TASE dedicates substantial resources to improving and maintaining the organizational climate, creating a connection with its employees and assimilating a supportive organizational culture, including constant improvement of the work environment and conditions and ensuring a sense of security and stability among the employees.

TASE initiates various welfare activities during the year, including cross-organization events, department get-togethers, recreational days and other activities to brighten the organizational climate. In addition, the Company marks personal events in the life of the employee and holds welfare activities for the employees to prevent stress and burnout. In addition, salaried employees may be eligible for participation in tuition for academic studies undertaken alongside the work at TASE, up to the amount of university tuition, subject to preapproval by TASE and to the terms prescribed in the collective agreement. Where academic studies have been approved, as above, the employee shall also be entitled to additional vacation days for examinations.

As part of its dedication to the promotion of activities for the benefit of the community and support of charitable organizations, TASE's holiday gifts to its employees are purchased from such societies:

- **Larger then Life** is a society that supports families facing pediatric cancer. The income from the gift, prepared in cooperation with the Jerusalem Winery, is dedicated to the establishment of the Drem Kindergarten - an educational facility adjacent to the Hadassah Hospital, set up and operated by the society for the sick children.
- **Alin Beit Noam** is a non-profit organization that operates for the benefit of individuals with disability. The organization operates a variety of services for aduls with phyhsical and intellectual disabilities, providing them with day centers that offer rehabilitation, employment and social activities.

Training and Development of Employees

Excellence and professionalism are among the core values that lead TASE and characterize its business activity. TASE dedicates significant resources and efforts to improving the professional and personal skills of its employees, by offering them courses, workshops, seminars, and more. Within this framework, TASE provides training and development opportunities to employees in all departments of the Company, based on professional, management and regulatory needs alike.

As necessary, a training needs survey is conducted, based on which the mandatory, professional and management training sessions are determined. The annual training program is customized for the various target audiences at TASE, in deference to TASE's strategic plan. Training is provided via various methods, both through digital courseware and in actual meetings and practice.

In addition, TASE offers educational seminars to employees. The training topics change periodically - for instance, in 2022 the educational program focus was an advanced derivatives and futures workshop designed for all employees who interact with the Trading, Derivatives and Indices Department.

As part of internal mobility processes, in 2022 TASE provided training to eight employees with the assistance of internal units (the receipient units) alongside external courses. The receipient units included: Information Security and Distribution, the Nominee Company, Sales, Organizational Applications, Securities' Clearing Systems, MAOF Systems, and Securities and Indices.

Types of seminars provided to the TASE employees:

Professional seminars	Seminars in the fields of occupation of the TASE employees, which are intended to expand their professional knowledge and provide them with the tools that they need to optimally perform their duties
Mandatory training	Training required by regulation or law
Educational seminars	Seminars that are designed to provide the employees with tools for optimal realization of their professional and personal potential
Executive development	Seminars for the various managerial levels at TASE, which are designed to development management skills and capabilities

In 2022, TASE employees received 1,800 training hours, an average of 7.4 hours per employee.

Additionally, the TASE employees are entitled to participate in a personal guidance program that prepares them for the conclusion of their employment, upon reaching retirement age. In 2022, six employees participated in the retirement guidance program, consisting of two 90-minute sessions with an organizational consultant, in which they received personal coaching in preparation for retirement, with emphasis on preserving self-worth and healthy time management.

Assessment and feedback process

The assessment and feedback processes at TASE apply to three groups of employees:

- **Assessment of TASE employees during the trial period** - Employees that have been employed at TASE for less than three years are included in the trial period group. Every six months, an assessment process is conducted, in which the performance of the employee in relation to the goals defined in earlier assessments is discussed with the employee's direct manager. At the end of the trial period, it is decided whether to make the employee's assigned position a permanent one.
- **Assessment process for all TASE employees** - TASE conducts an assessment and feedback process for all of its employees once a year. As part of the process, personal and professional goals are set for each employee, based on his or her position, and the achievement of the goals that had been set for the past year is examined. Where the employee has met the set goals, pay rises are discussed by a forum consisting of the HR Department, the direct head of department and the TASE CEO, the findings of which are explained to the employee as part of the assessment processes.
- **Assessment process for employees mobilized within the Company** - An employee who is transferred from one department to another will undergo an assessment by the new manager at the end of three months in the new position, to ensure his suitability for the position. The assessment process will determined whether the employee has met the expectations of the new position. Accordingly, it will be decided whether to make their new assignment permanent or to reinstate the employee to their previous position.



ENVIRONMENT

ESG aligned products

The combination of ESG considerations with investment decision-making based on specialized ratings of public companies as well as the increase in the number of indices that examine companies' ESG-related activities have been gathering significant momentum in recent years. These lead to a growing awareness to the incorporation of ESG aspects into investment decision-making, as reflected in stakeholders' demand for transparency of companies' non-financial information and data. In addition, investors follow a more hands-on approach, ensuring that their investments correspond with their values and have a positive ESG impact, favoring companies that work to improve those aspects as part of their activities.

TASE sees a clear global trend of the incorporation of ESG aspects also into the financial products and services of other companies, in general, and other stock exchange, in particular. These products are varied and have different objectives:

- **Indices and ETFs with "environmental" and/or "social" characteristics** - These indices are comprised of companies that operate in environmental and/or social fields and that promote those topics as part of their activities.
- **"Green" and/or "social" bonds** - The purpose of this tool is to finance activities for specific topics that have positive impact on society or the environment, in the form of renewable energy projects, advancement of public transportation, setting up of waste treatment facilities, hospitals, educational facilities and more.
- **ESG cause -linked bonds** - These bonds are similar to "green" and/or "social" bonds in their ultimate product, but differ in the linkage of their financing terms to the achievement of predefined ESG goals. Adoption of ESG aspects into existing financial instruments adds credibility and appeals to both the issuers and the investors.

15 ETFs and tracking funds on ESG indices, launched by TASE and Index, are currently traded on TASE, aalongside ETFs and tracking funds specializing in ESG in Israel, with total assets of NIS 350 million. In addition 28 ETFs and tracking funds on global ESG indices are traded on TASE, with a total value of NIS 1.1 billion, one of which is a foreign ETF.

There are currently two series of green bonds traded on TASE, issued by the banks, with a total market cap of NIS 5 billion.

Promotion of ESG among the public companies.

As the incorporation of ESG aspects into corporate activities and the creation of dedicated financial products continue to grow globally, TASE is promoting those aspects both in its own activities and in the activity of the TASE-listed companies. In January 2022 TASE published a call for the public's input concerning the encouragement of the disclosure of ESG-related information by public companies. The document included items for public comments on the proposed recommendations for the mandatory publication of ESG reports, the proposed publication of a dedicated ESG questionnaire that is designed to obtain a summary of the companies' ESG-related activities, and the proposal to increase women's representation in boards of directors to at least 35%. The response to the call was vast. Based on the review of the comments received and of the approaches adopted by other exchanges around the world, TASE has decided not to require companies to publish an ESG report. Instead, companies will be recommended to publish an ESG report and actions will be taken to educate and encourage the market to follow suit, as is common practice among leading global exchanges*.

Further to the publication of the call, in 2022 TASE formulated and distributed a voluntary dedicated questionnaire for TASE-listed companies that have not yet published an ESG report. The questionnaire was compiled based on similar questionnaires customarily used internationally, with adjustments for the local TASE-listed companies. The questionnaire is designed to allow companies to report their ESG-related activities without drafting a dedicated report, which requires substantial resources and a custom reporting infrastructure. Once completed, the questionnaires will be published on the websites of the reporting companies and will also be linked in a dedicated ESG page on the TASE website. By completing the questionnaire, the companies can gain exposure to investors that consider ESG aspects in their investments and enable TASE to collaborate with international index editors in the development of additional ESG indices**.

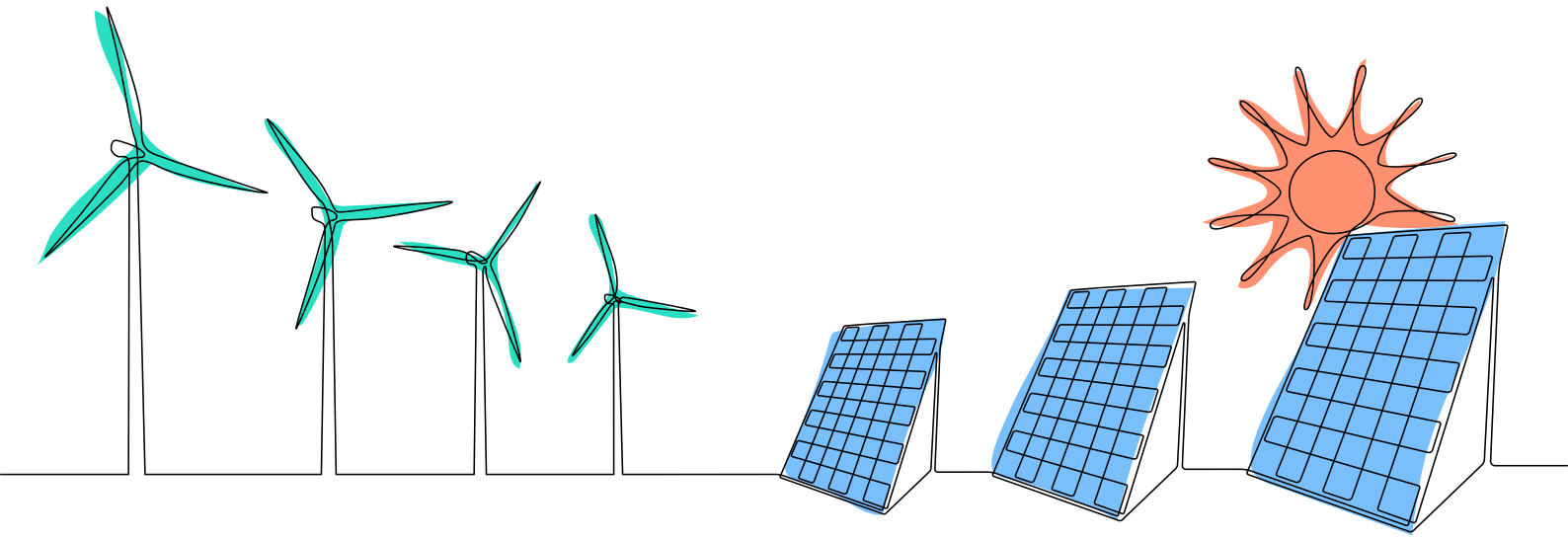
Furthermore, for optimal accessibility of the companies' reports, TASE presents on a dedicated page the links to all of the periodic ESG reports of the TASE-listed companies, which in the reported year totaled 77*** (2021 - 45 reporting companies).

* For additional information, see Call for Encouraging the Publication of ESG Reports and Increasing Women's Rpresentation on Boards of Directors.
** For additional information, see the press release concerning the distribution of the questionnaire to the companies.
*** For additional information, see the list of ESG reports of TASE-listed companies.

TASE has joined 45 other exchanges around the globe that had launched "green" indices, offering three dedicated ESG indices:

1. **TA-Maala Index:** Maala is an umbrella organization of close to 120 Israeli companies that works to promote corporate social responsibility, sustainability and ESG practices in the business sector. In 2005, TA-Maala was born, which comprises all companies in the organization that are also listed on TASE. The index is updated once a year following the publication of the annual Maala rating and enables the combination of financial performance and ESG-related performance.
2. **TA-125 Fossil Free Index:** This index represents all the companies in the TA-125 Index, excluding shares of fossil corporations, as determined by the Life and Environment organization.
3. **TA-Cleantech:** This index is comprised of companies in the field of renewable energy. This index supports the green energy in Israel and promotes companies that operate in the local market.
    - The Cleantech includes companies that develop or use technologies that reduce negative environmental impact, in the following fields: sustainable energy, energy conservation and storage, waste recycling, water purification or sewage treatment, desalination and production of biofuels. As of the end of 2022, the Cleantech Subsector comprised 15 companies with a total market cap of NIS 6 billion.
    - Following the wave of offerings by renewable energy companies on TASE over recent years, the Cleantech Subsector was split and in 2021 a new dedicated subsector was launched - the **Renewable Energy Subsector**, which comprises companies that engage in the initiation, development, setting up and operation of green energy generation facilities utilizing renewable energy sources, such as solar, wind and geothermal energy and pumped storage. As of the end of 2022, the Renewable Energy Subsector comprised 13 companies with a total market cap of NIS 41 billion (an increase of NIS 5 billion compared to 2021). These companies have also issued corporate bonds and convertible bonds with a market cap of NIS 5 billion.

Alongside the aforesaid sectors (Cleantech Sector) there are other technology sectors on TASE that address social-environmental improvement and the resolving of ESG-related issues. Among these constantly growing sectors are Biomed, FoodTech, Biotechnology, and Robotics & 3D.



TASE's Environmental Impact and Performance

TASE aims to reduce the environmental impact of its activities. Most of the environmental impact derives from the operation of the offices, consisting of energy consumption and management of resources and waste. TASE works to reduce its environmental footprint as much as possible, through efficient consumption of electricity, optimal use of resources and reduced production of waste from the operation of the offices.

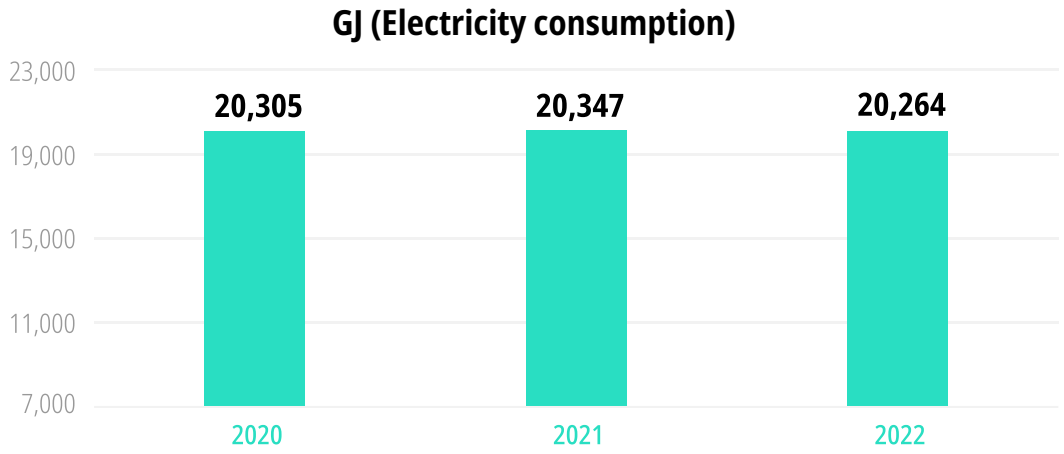
TASE's principal energy consumption derives from the use of electricity for the operation of the TASE building and offices. A significant portion of the energy consumption relates to the air conditioning of the offices and the operation of the server farm (data center). The Company takes actions to improve energy efficiency, including the use of a system that reduces the use of power after hours, replacement of light fixtures with LED lighting, improving the efficiency of the air conditioning systems, and more.

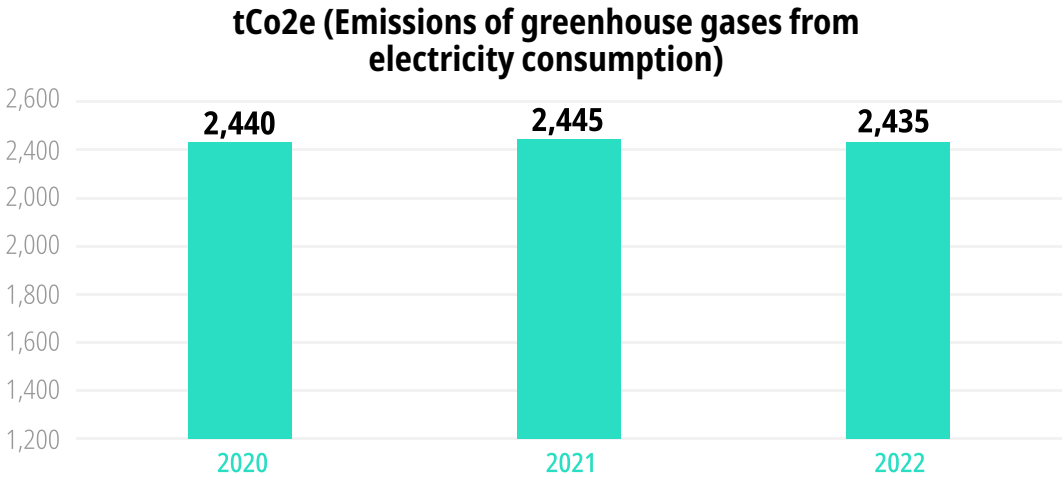
In 2022, TASE took several actions to improve its environmental impact:

- Transition from personal printers to communal printers TASE has reduced the use of printers, encouraging employees to refrain from printing where possible and to reduce their paper consumption. As part of this move, the employees' personal printers were replaced with communal printers. The number of personal printers was reduced by more than 70% - instead of 230 personal printers there are now 60 communal printers in use.
- Transition to reusable cups To reduce the plastic waste originating in single-use cups, reusable cups were purchased for all TASE employees. In addition, a cup dishwasher was placed on every floor, to ensure efficient water usage.

The TASE building complies with the requirements of Israel Green Building Standard 5281. The facade of the building is comprised of two layers of aluminum and glass. This advanced double layer provides special energy insulation to the building, creating convenient climate conditions. This is reflected in more moderate temperature differences, in both summer and winter, and reduces the use of air conditioning.

TASE's power consumption data:





About the Report

The Tel-Aviv Stock Exchange Ltd. is proud to present to you the second Sustainability Report, which provides an overview of the principal environmental, social and governance activities in 2022. The publication of the report is an expression of TASE's ongoing commitment to the promotion of environmental, social, and governance issues as an integral part of its business operations.

Reporting period and cycle

This report represents the activity of TASE in relation to environmental, social and governance issues in the period from January 1 to December 31, 2022. No material changes in the activity of the Company took place during the year. The most recent report was published in August 2022. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The information presented in the report was collected from the Group's IT systems and various organizational sources, with the guidance of external consultants.

Scope of the report

TASE operates from the State of Israel, which is its primary area of operation. Relevant financial data presented in this report are consistent with those presented in the Company's financial statements for 2022. Together with the data of the financial statements, this report represents the activity of the TASE Group in Israel.

This report is not a part of the financial statements, immediate reports, or periodic reports of TASE. In the event of any inconsistency or contradiction between the stated in this report and the aforementioned reports of the Group, the stated in the aforesaid reports shall prevail.

Material changes in reporting

There were no material changes in relation to prior reports.

Material changes in information

There were no material changes in relation to prior reports.

Reporting assurance

No external assurance was performed for this report. TASE conducts internal control of all outgoing reports and publications to ensure the reliability of the reports, improve the collection process of the necessary information and data, and preserve and enhance the transparency of its internal operations.

For any inquiry, comment or matter pertaining to the report and its content, please contact one of the following:

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The Tel-Aviv Stock Exchange Ltd. has made utmost efforts to ensure that the information that is included in the report is accurate and current to the date of the report. Nevertheless, despite the aforesaid, there may be errors, deficiencies and/or defaults in the report.

TASE does not assure the suitability of the information included in this report for any purpose whatsoever and does not undertake to update the report in respect of any changes/ updates that occur after its drawing-up date. Accordingly, the companies in TASE Group, their managers, employees and those representing them or acting in their name or on their behalf will not be accountable to any third party for any loss or damage that may result from the use of the information included in the report.

GRI 1: Foundation 2021

Indicator	Response
Usage Statement	The Tel-Aviv Stock Exchange Ltd. reports in accordance with the GRI Standards.
Usage of GRI 1 indicator	GRI 1: Foundation 2021
Sectorial GRI indicators	Currently unavailable

GRI 2: General Disclosures 2021

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הבורסה לניירות ערך תל אביב
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